

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 April 2014

Portfolio:	Health and Housing
Subject:	Proposed Affordable Housing Programme 2015 - 2018
Report of:	Director of Community
Strategy/Policy:	Housing Strategy
Corporate Objective:	A balanced housing market

Purpose:

This report outlines proposals to build three new affordable housing schemes and seeks approval for project funding.

Executive summary:

This Council has a corporate objective to enable the delivery of 500 new affordable homes by 2017.

Approval is sought to set appropriate budgets for the construction of 3 new affordable housing schemes in the borough that collectively will deliver 58 new affordable homes.

In January 2014 the Homes and Communities Agency (HCA) announced the bidding criteria for the new Affordable Homes Programme to support the delivery of new affordable homes up to 2018. The deadline for applications is 30th April 2014. Approval is also being sought to apply for funding from the HCA to support these schemes.

Recommendation/Recommended Option:

That the Executive:

- a) approves a budget of £5.5 million to fund the development of a new 36 unit sheltered housing scheme at Coldeast, Park Gate;
- b) approves a budget of £854,000 to fund the development of 6 energy efficient 'Passivhaus' homes at Coldeast Close, Sarisbury;
- c) approves a revised budget of £1,850,000 to fund the development of 16 x 1 bedroom flats at Palmerston Avenue; and
- d) authorises the Director of Community to submit a bid for grant funding to the HCA via the Wayfarer consortium to help fund the development of new affordable homes to be built between 2015 and 2018.

Reason:

To enable new affordable homes to be built that meet local housing needs and contribute to the Council's corporate objective to deliver 500 new affordable homes by 2017.

Cost of proposals:

The combined cost of building the three schemes will be £8,204,000. Subject to any grant funding secured from the HCA this will be funded from the Council's Housing Revenue Account.

- Appendices:**
- A:** Site location of Palmerston Avenue and architects impression of proposed flats at Palmerston Avenue.
 - B:** Site location of Coldeast sheltered housing scheme and architects impression of proposed sheltered housing scheme.
 - C:** Site location of Coldeast Close and architects impression of proposed 'Passivhaus' scheme at Coldeast Close.

Background papers: Report to the Executive on 10th June 2013 – Development of land at Palmerston Avenue (Ref: Xho-130610-r05-afi)

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BOROUGH COUNCIL

Executive Briefing Paper

Date: 07 April 2014

Subject: Proposed Affordable Housing Programme 2015 - 2018

Briefing by: Director of Community

Portfolio: Health and Housing

INTRODUCTION

1. The Council has a corporate objective to enable the provision of 500 new affordable homes by 2017. In addition to enabling new housing through planning policy and working in partnership with local Registered Providers, the Council has also started to build new homes to increase and renew its existing housing stock. Over the past two years 5 general purpose homes have been completed and a new 40 unit scheme for older people is due for completion in early 2015.
2. Proposals have been drawn up for three new affordable housing schemes, which collectively will provide 58 new homes for rent, catering for a range of housing need.
3. The majority of funding required to build the new homes will need to be met from the Council's Housing Revenue Account. However, the Homes and Communities Agency has recently announced a new Affordable Homes Programme to help fund development between 2015 and 2018. The Council is eligible to apply for funding but must be committed to developing all schemes that are included in any bid. If approved, it is proposed that the bid will be made through the Wayfarer Partnership – a consortium of local housing providers which the Council joined in 2013. The deadline for applying for funding is 30th April 2014.
4. This report provides details of the three housing schemes to be included in the proposed bid. These are schemes for which detailed proposals have been prepared. The HCA are also inviting bids for 'indicative' schemes (i.e. those where proposals are still being worked on). Details of the Council's indicative schemes are set out in a separate report. The firm schemes will form the bulk of the Council's housing programme up to 2018.

THE PROPOSED PROGRAMME

5. The Council has prepared detailed proposals for three separate housing schemes. Planning permission is in the process of being secured. If built the developments would achieve a net gain of 58 new Council owned affordable homes for rent.

6. The three schemes are:
 - Palmerston Avenue – 16 x 1 bedroom flats in central Fareham
 - Coldeast Close – 6 highly energy efficient family homes in Sarisbury
 - Coldeast Sheltered Scheme – 36 older person's flats in Park Gate

PALMERSTON AVENUE

7. The Council owns a small parcel of land adjoining the shopping centre at the bottom of Palmerston Avenue. A report was submitted to the Executive in June 2013 detailing proposals to develop 16 x 1 bedroom apartments. The Executive approved a budget of £1,600,000 for the scheme to be built. Unfortunately planning permission was not secured as the scheme was perceived to suffer from insufficient parking.
8. Revised proposals have been drafted which improve the design and achieve planning policy compliant parking provision on site. Close consultation has taken place with planning officers throughout the re-design process and an application for planning permission has been submitted.
9. The revised design, combined with increases to current build cost trends has resulted in the need to increase the budget for this development by £250,000, bringing the projected total capital development cost to £1,850,000. The scheme is forecast to commence in Autumn 2014.
10. A successful bid to the HCA would help to subsidise development costs. It is proposed that a sum in the region of £320,000 is applied for.

COLDEAST SHELTERED SCHEME

11. As part of the planning negotiations for the Coldeast Hospital development land was secured by the Council to provide a new sheltered housing scheme.
12. Outline approval was granted in 2011 which showed provision of 40 self-contained flats with associated communal spaces. Unfortunately if built the outline proposal would have presented a number of challenges and resulted in a low quality housing scheme. Revised proposals have therefore been drafted which take a fundamentally different approach to the buildings position and design.
13. A detailed planning application has been submitted seeking approval for the construction of a 36 unit scheme providing a mixture of 1 bedroom and 2 bedroom flats. Each unit will provide modern, high quality accommodation with good internal spaces and private balconies. All residents will have access to communal living spaces including, lounge, gardens, washing facilities and mobility scooter store.
14. The projected total build cost is £5,500,000 and building is forecast to commence in Spring 2015. It is proposed that a bid for funding is submitted to the HCA in the region of £720,000. However, it is important to note that as the development will take place on land secured at nil cost to the Council via planning negotiation the HCA may decline the application to provide funding.

COLDEAST CLOSE

15. By purchasing 2 family homes in Coldeast Close the Council has secured developable land suitable for 6 x 2 bedroom houses. A planning application has been submitted to build a row of 'Passivhaus' homes. These are highly energy efficient homes which utilise solar gain and high levels of thermal insulation to minimise the requirement for external sources of heating. The design and building processes require meticulous attention to detail and as such present certain challenges.
16. If built these will be the first certified passive houses in the area. As the Welborne plan requires a percentage of all new homes to be passive homes standard, this development will be an exemplar to inform future development of the new community.
17. The budget required to fund this development is £854,000. Due to the unknown nature of this development there is an increased level of contingency included in our cost projections. The scheme is forecast to commence in Spring 2014.
18. A successful bid to the HCA for grant funding would help to subsidise development costs and it is proposed that a bid in the region of £120,000 is applied for.

WORKING IN PARTNERHIP

19. In the autumn of 2013, the Council joined the Wayfarer Partnership as a provisional member. This is a housing development consortium of local Registered Providers led by Radian Housing Association. Other members include First Wessex, Greenoak Housing Association, Havant Housing Association, Petersfield Housing Association, Raven Housing Trust, Rosemary Simmons Housing Trust, and Southampton City Council. There are a number of advantages to being part of the Partnership, which help to streamline procurement processes and ensure good value for money when appointing services from Architects, Surveyors and Building Contractors. The Partnership works collaboratively when bidding for funding from the HCA. This affords its members greater influence and flexibility than could otherwise be assured when working independently.

RISK ASSESSMENT

20. The budgets proposed in this report are estimations of the total build costs expected for each scheme. If the Council is unsuccessful in securing grant from the HCA or only secures some of what is applied for then the full build costs shall need to be borne by the Council if the homes are to be delivered

FINANCIAL IMPLICATIONS

21. The cost of delivering these three schemes is currently projected to be £8,204,000. This can be funded from the Council's Housing Revenue Account, but will consume the majority of the head room within the existing HRA borrowing cap and until replenished, will restrict the Council's ability to build new homes in the future. Therefore it is important for the Council to apply for HCA grant funding and to continue to lobby central government for the HRA borrowing cap to be lifted in order to help fund future delivery of affordable housing.
22. All new homes built in this programme will be let on an Affordable Rent. This is where rents are set at up to 80% of the open market rental value having regard to

the Local Housing Allowance. The Council has the option to seek approval from the HCA to convert a proportion of existing properties over to this more expensive form of tenure. However, whilst doing so would increase the rental income to the Council it would also reduce the number of homes available at Social Rents and could result in neighbours renting identical properties from the Council paying significantly different rents. This would have an impact upon the overall balance of Borough's affordable housing stock and as such there are no proposals to introduce rent conversions at this time.

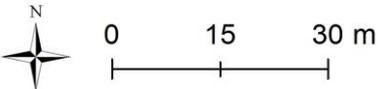
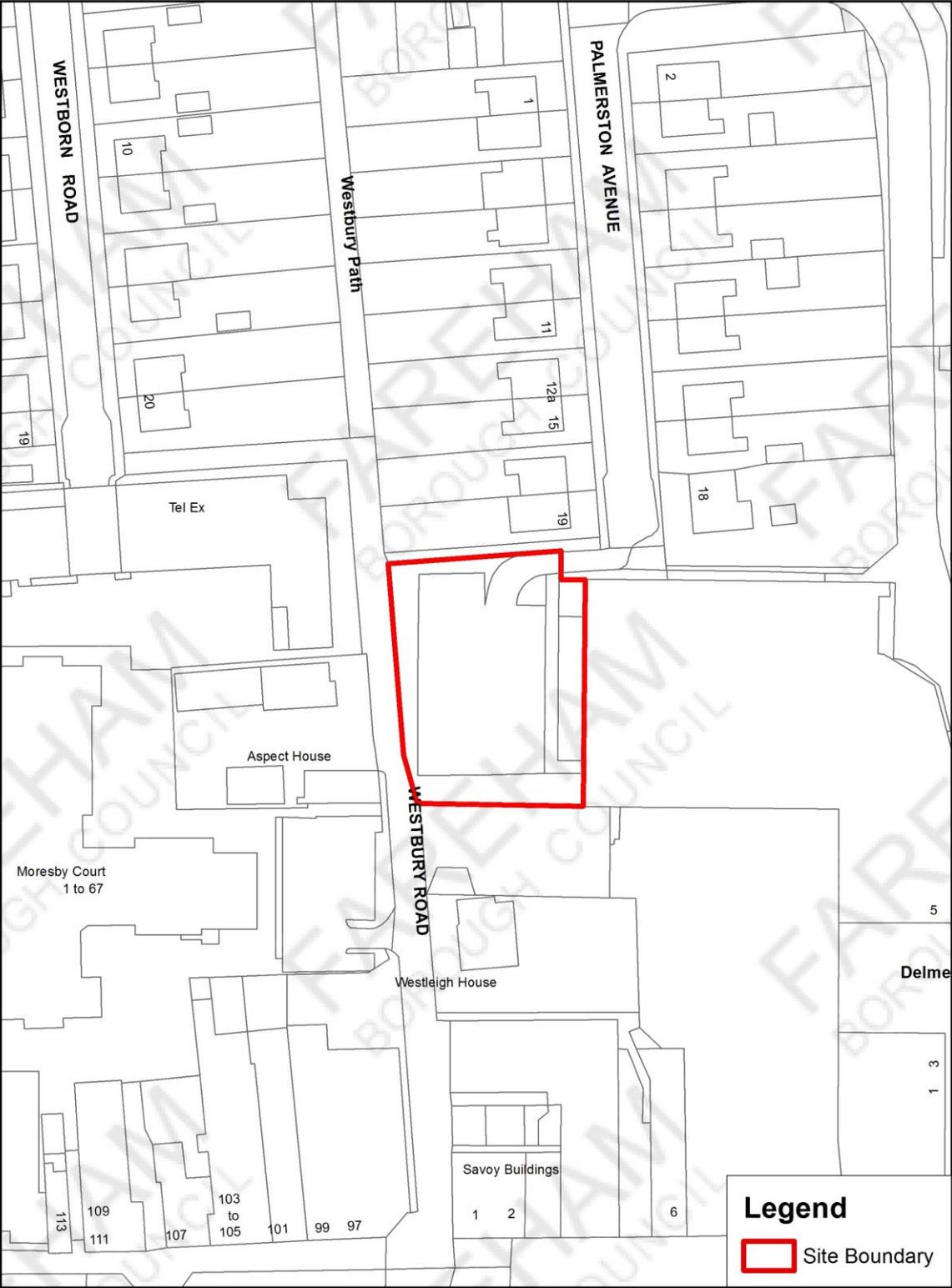
CONCLUSION

23. The Council has drafted proposals for the development of 58 units of accommodation to meet a range of housing needs. This shall form the bulk of the Councils development programme up to 2018 and will help to meet one of the Councils corporate priorities. There is an opportunity to apply for funding from the HCA to help contribute to the cost of delivering this programme and it is proposed that the Council submits a bid through the Wayfarer Partnership.

Reference Papers:

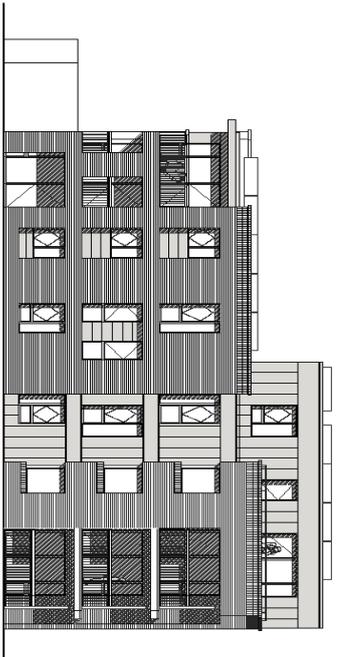
Homes and Communities Agency - Affordable Homes Programme 2015 – 2018 Prospectus (January 2014).

**APPENDIX A
PALMERSTON AVENUE**

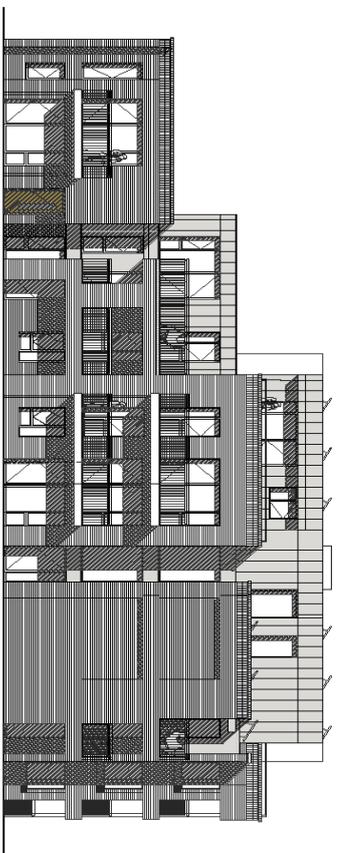


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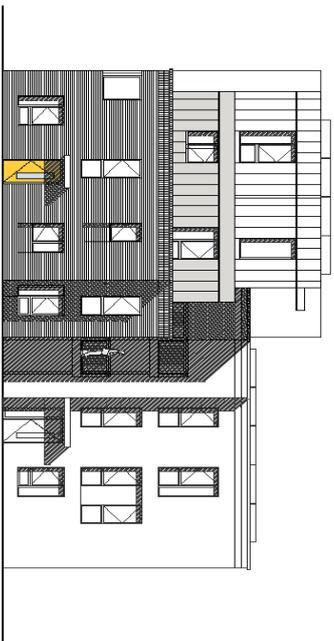
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PROPOSED SOUTH ELEVATION



PROPOSED WEST ELEVATION



PROPOSED NORTH ELEVATION



PROPOSED EAST ELEVATION

RESIDENTIAL REDEVELOPMENT

PALMERSTON AVENUE

FAREHAM

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Project & Drawing Info

PROPOSED ELEVATIONS

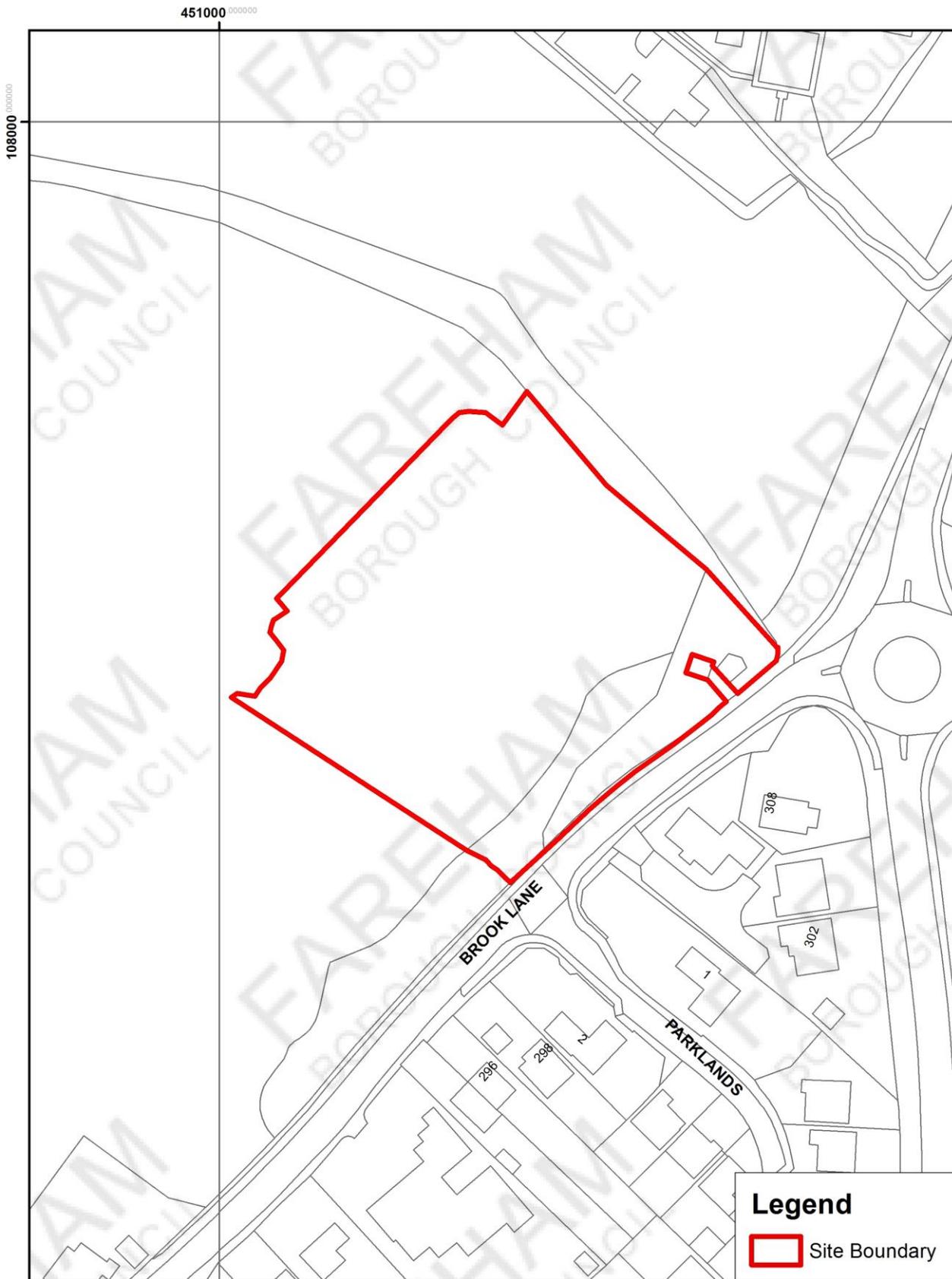
Client	FAREHAM	Contract No.	13-085
Architect	ML	Drawing No.	06
Date	13-085	Scale	1:200

PRELIMINARY DRAWING

ML
 Mott MacDonald
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APPENDIX B COLDEAST SHELTERED HOUSING SCHEME



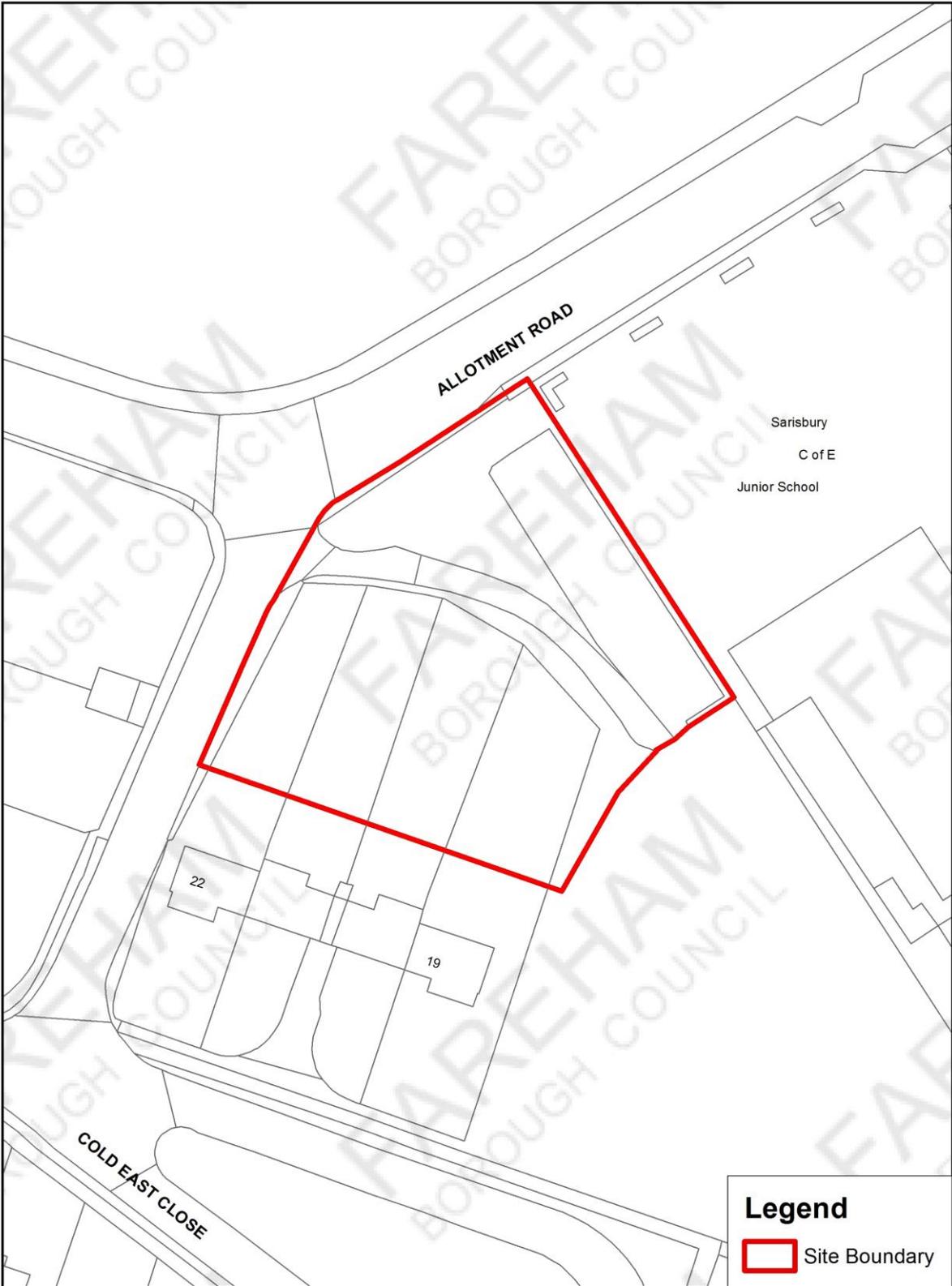
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**APPENDIX C
COLDEAST CLOSE PASSIVHAUS**



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